



Millennium Challenge Corporation

Reducing Poverty Through Growth

MCC REPORT TO CONGRESS: Consultative Processes as a Key to Effective Development

In an effort to ensure viable, sustainable development programs, the Millennium Challenge Corporation (MCC) requires eligible countries to consult broadly within the country throughout the development, implementation and evaluation of country Compacts. An effective consultative process not only enables civic groups, elected officials and ordinary people to ask questions, offer suggestions and provide feedback on Compact development, but can set or reinforce precedents for public participation in governance. Thus, it serves to strengthen transparency and accountability within each country, contributes to the MCC criterion of good governance, and provides opportunities for domestic discussion of how best to achieve national priorities of economic growth and poverty reduction.

MCC recognized from the outset that requiring eligible countries to rely on broad-based, consultative processes to develop their Compact proposals would likely increase the complexity of Compact development and therefore had the potential to significantly lengthen the time needed for Compact development. Asking countries to undertake public consultations enhances country ownership and serves as a check on the practicality of proposed programs, but, to be effective, they must also draw on the outcomes of any previous participatory planning experiences. Consequently, MCC works with governments in eligible countries to manage a transparent, ongoing process that provides opportunities for citizens to have input into the identification, prioritization and design of development programs proposed for MCC funding. In some cases these processes are initiated from scratch. In other cases, they are designed to flow logically from previous national dialogues or debates.

Such a process is intended to identify priorities not only at the broad sectoral level (agriculture, health, infrastructure, and financial services, among others), but also at the project-specific level through consultations with locally, regionally, and nationally affected groups. As part of its own due diligence efforts to evaluate national proposals, MCC reviews the quality and content of each country's consultative process at the same time it considers, among other things, the proposal's capacity to promote economic growth and reduce poverty, its overall costs, and its mechanisms for fiscal accountability. Consultative processes to date have included an appropriately broad array of public national or regional seminars; smaller working groups of civic and technical experts; seminars or conferences to discuss obstacles to economic growth; newspaper, radio, and television coverage; locally conducted question and answer sessions; and information sessions or public debate through pre-existing local deliberative bodies including parliaments and local development councils. Most countries have included draft Compact proposals on their country websites and encouraged citizens to review proposals and offer comments.

As Compacts are signed and entered into force, consultations are being formally structured into long-term implementation as well. As of the submission of this report at the end of March 2006, this processes has included civil society or private sector representation on the boards of

Millennium Challenge Account (MCA) governing structures, the establishment of Public/Private Advisory Boards, project-specific stakeholders groups to provide feedback and input on projects, and the use of public working groups to determine selection criteria for regions to participate in specific programs. Compacts also require the recipient country to post the Compact, expected results, and progress measures on their country website, helping enable domestic interest groups to have transparency in how successful the program is over time. MCC welcomes monitoring by domestic civic organizations and anticipates such programs as more Compacts enter into force.

Consultative Process Guidance

Compact consultations are unique in that they must range from broad dialogue about constraints to economic growth and poverty reduction in the earliest phases, to more targeted discussions about program selection and project design, and eventually focus on methods of incorporating public participation in implementation and monitoring and evaluation structures. In April 2005, MCC drew on extensive research in participatory planning as well as consultations with its partner countries, development experts and practitioners, a range of donors and other individuals to create guidelines for eligible countries to use when designing a consultative process for an MCA program. This guidance is now available on MCC's website (www.mcc.gov). In addition to explaining some of the fundamental principles and objectives of a consultative approach, the guidance provides a set of questions that MCC staff will use in evaluating whether the country has applied such an approach to the MCA program.

The guidance defines a good consultative process as one that is (1) timely, (2) participatory and (3) meaningful. A *timely process* should be ongoing – it should start early enough in the process to influence the setting of priorities for the MCA proposal and continue throughout the development, implementation and oversight of the Compact. A *participatory process* should take into account a broad range of views. In addition to engaging government officials and legislators at the national and local levels, countries should ensure that representatives from local and international non-governmental organizations (NGOs), large and small enterprises in the private sector and rural and urban civil society groups are aware of the opportunity to participate in consultations to shape their country's MCA program. Special attention should be made to ensure that women and other under-represented groups are provided with the opportunity to contribute to the process. A *meaningful process* allows citizens to have genuine input into the process. MCC asks that in conducting consultations with their public, governments create meaningful opportunities to discuss the programs, receive feedback, analyze and report on the feedback and incorporate the feedback into the program and its design.

Compact Country Experiences

MCC recognizes that each country is unique and will develop a process and methodology that best suits its environment to ensure a timely, participatory and meaningful consultative process. This approach is evident in the diversity of mechanisms used to solicit and incorporate feedback from civil society in each of the eight countries that have proceeded to Compact signing. Most of the countries took important steps in terms of transparency throughout the process, with virtually all of the proposals made publicly available. Signed Compacts are available on both MCC and the countries' websites, and ongoing transparency requirements under the Compacts

mean that information about the programs, such as the Monitoring and Evaluations Plans, are also posted on the MCA-entity website. These consultative processes in each of the eight Compact countries are overviewed below.

1. Madagascar

Madagascar submitted one of the earliest proposals to the MCC, and was the first country to complete a Compact development process. The country had undertaken a consultative process for its national Poverty Reduction Strategy (PRSP) in late 2003, and so the Government of Madagascar (GOM) built an MCA-specific consultative process on the lessons learned through that experience.

Shortly after learning of the country's eligibility in May 2004, the GOM organized an introductory national workshop including hundreds of participants and President Ravalomanana. In advance of the workshop, the GOM published newspaper advertisements and ran radio and TV broadcasts to explain the MCA, announce the meetings, and solicit proposal ideas from the general public. Once at the workshop, participants from civil society and the public and private sectors discussed obstacles to economic growth and poverty reduction in the context of MCA assistance. Consequently, feedback from this first consultation served as the base of the GOM's first draft proposal.

This was quickly followed by a second national workshop in Antananarivo and six regional consultative workshops in: (1) Antsiranana; (2) Antsirabe; (3) Mahajanga; (4) Toliary; (5) Fianarantsoa; and (6) Toamasina. These workshops were intended to solicit feedback and refine the initial submission. Farmers associations and microfinance institutions were considered key participants, reflecting Madagascar's heavily rural population and the fact that 80.1 percent of the population living below the poverty line live in rural areas. In addition to soliciting feedback through direct consultations, the GOM also established an "email submission box" so that civic groups had an intake point through which to facilitate broader popular input as they wished.

Finally, civic participation was built into the MCA program governance structure. The MCA Advisory Council, which is responsible for ensuring ongoing stakeholder participation, is composed of representatives of private sector, civil society, mayors and regional government. This body has three voting and two non-voting positions on the Steering Committee, a structure which is responsible for overseeing coordination and effective implementation of the Compact by MCA-Madagascar.

With the Compact now signed and implementation begun, the GOM has continued consultations regarding criteria for selecting three remaining intervention zones. The first two zones of intervention (Vakinankaratra-Amoron' I Mania and Menabe) were selected during Compact development, and criteria for selecting the remaining three were determined on March 6, 2006, when representatives from the private sector, civil society, regional administration, and locally elected office in each of Madagascar's 19 regions debated and ranked the criteria they believed most critical for zone selection. To promote greater transparency of the selection process, the Malagasy MCA management team publicized the results of the meeting on their website

(<http://www.mca-madagascar.org>). The selected zones will be revealed during a public meeting in early April 2006.

2. Honduras

Honduras, a Central American country in which 64 percent of the population lives in poverty, publicly presented the implementation plan for its PRSP in 2004, the same year it became eligible for MCA funding. The country developed its PRSP through a process regarded as broad and participative by the international donor community, and it served as the base from which to build an MCA proposal. Pre-proposal consultations between the Government of Honduras (GOH) and leading civic organizations, the donor community, and various private sector bodies quickly identified rural agricultural development and reduction of transportation costs as core poverty reduction and economic growth priorities.

The GOH publicized its preliminary proposal almost immediately and organized detailed discussions of the proposal. Recognizing the need to incorporate a broadly representative group of civic actors in the Compact development process throughout the second half of 2004, the GOH turned to multiple umbrella organizations that had previously represented the interests of diverse civic organizations, the private sector and the PRSP's own consultative council. One umbrella organization alone included approximately 40 workers' unions, women's groups, ethnic minority associations, and academia and religious groups, among others. These organizations were incorporated into discussions of Compact priorities. By asking these umbrella organizations to coordinate civic participation in Compact development, the GOH hoped to facilitate input from a broad range of actors that may otherwise have had difficulty traveling to a central location for a public discussion.

As the Honduran Technical Team refined the country's proposal, the consultative process also provided an opportunity for the GOH to explain to civic and private sector actors how their participation in the PRSP process had influenced the development of the Compact, and to explain how certain decisions had been reached. The meetings offered the GOH a chance to further present its larger poverty reduction strategy to citizens with whom there is often limited direct interaction.

Honduras' Compact entered into force in September 2005 with a governing structure that embeds participation by civil society. The MCA-Honduras Board includes five voting members, including three government ministers and two members selected on a rotating basis from among four NGOs. When not serving as voting members on the Board, NGO representatives have observer rights that include attendance at Board meetings and access to all Board documentation.

For implementation, the consultative process will continue as the locations and potential impacts of activities in the Transportation and Rural Development Projects are evaluated.

3. Cape Verde

When Cape Verde's eligibility for MCA assistance was announced in 2004, the nation already had a strong consultative tradition on which to build its Compact development process. This

African island nation of primarily rural residents suffers from high levels of poverty and unemployment due to limited economic opportunities and scarce natural resources, particularly water. Consequently, Cape Verde, at its own initiative, conducted broad ranging, inclusive public discussions in formulating the various components of its national economic development strategy since 1996, including the “Grand Options” Plan, the National Development Strategy, the Economic Transformation Strategy, the Agricultural Development Strategy and the Growth and Poverty Reduction Strategy. As a result, civic organizations, community associations, the private sector and political officials have experience contributing to a national development strategy. The Government of Cape Verde (GOCV) was able to effectively incorporate this tradition of democratic participation in the development of its MCA proposal, and continues to benefit from actively engaged civic actors over the course of the implementation process.

To ensure widespread participation in the Compact development process, civic, private and municipal leaders from various islands were invited to preliminary consultation meetings in May 2004 in the capital city, where five teams were created with cross-stakeholder representation to focus on such areas as: (1) growth and competitiveness; (2) human resources; (3) social empowerment; (4) infrastructure; and (5) institutions. These five teams worked separately to shape Cape Verde’s proposal, and debated and approved the initial proposal in a final plenary session. Based on these conclusions, a drafting task force composed of representatives of the public administration, association of municipal governments, private sector and NGOs prepared a draft proposal which then became the basis for a second round of consultations.

Smaller consultations were also held on São Vicente Island and on Sal Island. These consultations, which included representatives from community associations of the rural and urban poor, were widely covered in the press, including newspaper, radio and television. As the Compact proposal was refined, key beneficiaries of the program, including the rural and urban poor, played a role in the preparation of the proposal through their highly organized community associations, and the GOCV regularly turned to a civic-chaired and nationally representative committee called the “Stakeholders’ Group” for feedback on specific components, objectives, indicators, specific outcomes and targets of the program. In the end, much of the final Compact builds on the successful experience of existing development projects by expanding programs that have already proven themselves able to reduce poverty and contribute to economic growth in Cape Verde. Participation was so broad that even Cape Verde’s main opposition party publicly endorsed the government’s initial proposal.

Since the Compact signing on July 4, 2005, the consultative process has continued in Cape Verde, including significant public input on monitoring and evaluation techniques. In mid-March 2006, MCA-Cape Verde began a series of public consultations on the implementation of the agricultural support component on specific islands. The Stakeholders Committee, an advisory group, has been formally established and is holding its first meeting in March 2006 to provide feedback on the implementation plans. The Steering Committee, which oversees MCA Cape Verde and includes an NGO representative and other civil members as voting members, will continue to incorporate feedback from the Stakeholders Committee and communities most affected by the Compact into its implementation plan.

4. Nicaragua

In July 2005, Nicaragua and the MCC signed a Compact that focuses specifically on the creation of a regional engine for economic growth in the northwest departments of Leon and Chinandega. The consultative process which led to the Government of Nicaragua's (GON's) final proposal incorporated both national level consultations to identify obstacles to economic growth, as well as locally specific consultations to tailor transportation, rural business, and property regularization projects to local realities. Throughout the development of this Compact proposal, Nicaragua made excellent use of its unique local governing structures to institutionalize public consultation processes, drawing upon lessons learned from national dialogues conducted for its PRSP and National Development Plan.

Upon learning of their eligible country status in May 2004, the GON appointed a technical team with expertise in economics, consultation and development. This team had initial pre-proposal meetings with national private sector and civil society groups and initiated a dialogue with department-level Local Development Councils (LDCs) to discuss the overarching impediments to growth in Nicaragua. Departmental LDCs – whose members are drawn from civil society, NGOs, private sector and other local organizations – are chaired by the mayor of that department's largest city and serve as a representative body with a formal deliberative role in departmental governance.

The departments agreed to a regional focus early in the process and, within months, focus shifted to the regions of Leon and Chinandega. Through consultation and analysis, it became clear to the GON that while every department would like to participate in the MCA program, focus on the Leon and Chinandega regions made the most sense as these regions suffer from some of the most extreme poverty in the Western Hemisphere despite relatively solid growth in the 1960s and 1970s. The regions also have some of the country's highest growth potential due to fertile soil and proximity to ports.

From this point forward, the consultative process was coordinated primarily through the Leon and Chinandega development councils, although the technical team also met with business leaders from the two departments. The GON also assigned technical representatives to assist the two development councils with refining the details and substance of the proposal. This process marked the first time in Nicaraguan history that the central government fully empowered the development councils to develop the components of a major development program. Coordinating local consultation through these departmental bodies also set a precedent for public involvement in governance issues through pre-existing democratic institutions. Since Compact signing, the local development councils continue to engage with the GON technical team on implementation related issues and will play a key role during implementation through representation on the program's governing entity board and on-the-ground oversight.

5. Georgia

To respond to the opportunity posed by the MCA, the Government of Georgia (GOG) established a special government Committee – the Millennium Challenge Georgia (MCG) Committee – composed of leading members of the government, representatives from civil

society, leaders in the business community and Members of Parliament. To organize and facilitate the work of the MCG Committee, a Georgian counterpart organization was also established – the Millennium Challenge Georgia Working Group (the MCG Working Group). This MCG Working Group was staffed by a team of dedicated volunteers who have worked with the MCG Committee, a broad spectrum of government officials, representatives from civil society, donor community officials, representatives of foreign embassies, Parliamentarians, leaders in the business community and citizens across Georgia. As just over half of Georgia's 4.5 million residents live in rural areas where the incidence of poverty hovers at more than 50 percent, the MCG Working Group's first goal was to ensure as many stakeholders as possible knew about and understood the opportunity available through MCC.

To do this, MCG relied on a full range of outreach activities including several regional forums. In addition to introducing MCA eligibility and the Compact process, MCG distributed questionnaires in which attendees were asked to rank a list of seven growth priorities/sectors. Following these meetings, a box was left in each region in order for specific proposal suggestions to be submitted by constituents. To generate interest and proposals, they incorporated public comment boxes, a website, a telephone-line, television advertisements, newspapers, talk shows (radio and television), brochures and a television documentary on the MCA. This brought participation from representatives from civil society, the government, private sector and the legislature. MCG records indicate that this outreach generated 500 walk-ins, 400 e-mails, 1,500 website hits and 2,100 calls. This ultimately resulted in 531 specific proposals for Compact funding and more than 140 written inquiries. Review of the 531 proposals reflected general consistency with the priority components submitted under the Georgia MCA proposal.

Based on these consultations, MCG drafted and submitted its proposal to the MCC. At this time, MCC's processes were still new and there was some confusion as to whether the original proposal should be made public or kept as a confidential document between the GOG and MCC. After such a broad outreach effort in the design phase, this left some Georgian NGOs and other actors frustrated with the lack of information regarding the proposals status and content. Following discussions and more direction from MCC regarding the desire to have a continuous consultative process, MCG hired a Public Outreach Officer who reinvigorated the outreach activities, coordinating weekly outreach events to keep stakeholders and citizens informed and provide regular updates on the MCG website (www.mcg.ge). Prior to initiating formal negotiations with MCC in June 2005, MCG held several all-day forums for stakeholders, NGOs and civil society and donor organizations to review and elicit additional feedback on each of the proposed activities.

The Millennium Challenge Georgia Fund (MCG Fund), which is responsible for managing implementation of the Compact, has a governing supervisory board with both NGO and private sector representatives as voting members. As Georgia moves toward Compact implementation, MCG Fund will include a Public Outreach Director, and continue to meet with civil society representatives on a regular basis. In some of the most recent meetings, discussion has centered on NGO interest in undertaking public monitoring initiatives of MCA Compact projects. MCG Fund representatives have, in return, committed to promote a more meaningful two-way dialogue and continue facilitation of true, timely and meaningful consultation process. In keeping with

this promise, MCG Fund is moving to facilitate information opportunities for public discussion and participation specifically regarding the Samtskhe-Javakheti Road Rehabilitation Project

6. Benin

Benin is situated in West Africa, between Nigeria and Togo in the Gulf of Guinea, and has a population of nearly 7 million, one-third of whom live in poverty. In February 2006, it was the sixth country to sign an MCC Compact, and the Benin Compact development process is a case study in how timely, participatory, well-organized and ongoing consultations can fundamentally and positively influence the components of an MCC Compact. While the Government of Benin's (GOB's) preliminary proposal included a significant agricultural component, ongoing consultations with rural farmers and women's groups revealed that property conflicts and inconsistencies in customary laws were the most prevalent obstacle to their agricultural productivity.

Benin's Compact development was guided by the Benin National Committee (BNC), whose members includes six representatives of the GOB, three representatives of civil society, three representatives of the Chamber of Commerce, three representatives of national labor unions, two representatives of the Agricultural Chamber and one representative of artisan associations. Each of the members of this body were elected or delegated by their respective constituencies, with the civic representatives elected by more than 100 other civic leaders at a public meeting to discuss the nature of the MCA Compact process. Two women were members of the BNC – an NGO President who was elected by civic groups working on women and social issues, and the President of the Association des Femmes d'Affaires et Chefs d'Entreprises du Benin (AFACEB), a commercial association of women in cities and rural areas.

The BNC was responsible for conducting the consultations, synthesizing the information gathered and directing a separate technical team to reflect this input in the Compact proposal. In the early phases, BNC held working sessions using Benin's PRSP as a starting point from which to discuss the major constraints to growth. Several iterations of the Proposal's projects were vetted by a broad audience through nationally broadcast radio programs and through visits to rural regions to garner feedback from the targeted beneficiaries. It was during one of these visits to a village in Mono that a group of women first highlighted the way in which property rights and inconsistent laws were preventing their small agribusiness from generating profit. This initiated changes in the proposal that ultimately led to an MCC Compact emphasizing both the judicial and property rights institutions needed to catalyze poverty reducing growth in Benin.

As the details of a proposal came together, the BNC also held a stakeholder meeting in which mayors from all 77 communes, and representatives of microfinance institutions, the donor community and the central government gathered to discuss the land tenure, financial services and rural roads components of the Proposal. Continuing consultation throughout the proposal development process resulted in widespread endorsement by potential beneficiaries. Recognizing the success of a multi-sectoral BNC, each Project in the Benin Compact will be implemented under the guidance of a steering group or advisory committee, including stakeholders from a broad cross-section of Benin society.

7. Vanuatu

Vanuatu is a small island nation in the South Pacific comprised of 83 separate islands where approximately half of the population lives in poverty. Costly and unreliable transportation is a major impediment to economic growth and poverty reduction in Vanuatu. As a small, open, island economy, agriculture and tourism are central to Vanuatu's growth. These two sectors together employ more than 70 percent of Vanuatu's working population and represent approximately 34 percent of Vanuatu's gross domestic product.

Vanuatu's MCA proposal reflected these impediments and was based on the results of several ongoing economic development priority-setting forums in Vanuatu – namely the National Priorities and Action Agenda (PAA) Summit, National/Provincial Business Forums, Comprehensive Reform Program (CRP) and each province's Rural Economic Development Initiative (REDI) Plans for achieving economic development – in addition to focused public consultations on project identification. The Government of Vanuatu (GOV) considered these results in the context of ongoing and planned donor funding allocations (illustrating consultation with other donors) to determine that infrastructure for rural areas and the outer islands was a foremost, comparatively unfunded priority identified in all forums' Action Plans. Thus, the GOV considered, in particular, the existing unmet needs of Vanuatu's rural poor.

The GOV drew explicitly on the multiple ongoing mechanisms that incorporate a broad range of stakeholders at national, provincial, and local levels, for MCA Compact development purposes. Preliminary meetings with Vanuatu's council of chiefs, leaders of women's groups, the private sector, NGOs, church leaders and local government officials from Vanuatu's provinces were used to introduce the MCA process, and to update and discuss the outputs of previous forums. This first round of discussion concluded that the lack of adequate transport infrastructure (and adequate maintenance) was a leading and broadly-supported priority. Based on analysis of these results, the GOV created an initial Compact proposal.

To ensure ongoing public involvement, the GOV disseminated iterations of the specific transport infrastructure projects for MCC consideration through local media (radio and newspaper), forums in targeted provinces and through direct communication with all major donors. Vanuatu's major daily newspaper published a list of considered proposals and subsequent media coverage attests to its use as a venue for considerable discussion and debate. Elected officials, civic groups, and journalists all voiced their viewpoints to MCC directly, in the media and to the GOV regarding priorities, project locations and specific details on the projects, debating the types of roads appropriate for the specific needs of the respective communities, which contributed to the transparency of the process.

The transport infrastructure sub-projects included in the final MCA Compact proposal were identified through previous local-level stakeholder consultation forums in each of the six provinces. In these forums, government provincial leaders met with representative groups of civil society, NGOs and the private sector and identified economic opportunities limited by a lack of adequate infrastructure and proposed specific infrastructure projects accordingly. Continued outreach with direct beneficiaries is planned throughout the implementation period,

and representatives of civil society and the private sector will sit on the MCA Vanuatu Steering Committee.

8. Armenia

Despite recent positive economic performance by Armenia and a steady decline in urban poverty, rural poverty remains high. Consequently, during the development of Armenia's MCA proposal, the Government of Armenia (GOA) placed particular emphasis on broad-based consultations covering the entire country. The GOA established a specific set of structures, comprising a Board of Trustees, a working group, and an advisory group, to ensure that the consultative process was properly coordinated in a timely manner. The Board of Trustees was responsible for defining the mechanisms of the consultative process. The final proposal was developed with careful consideration of suggestions and recommendations obtained from 230 relevant parties representing a variety of stakeholder groups and including representatives of NGOs (among them NGOs engaged in gender issues), the business community, rural communities, and the church.

Through the development of the Compact, discussions and consultations were held in Yerevan and in each of the regions (Marzes). Consultative sessions in the Marzes were organized by both regional authorities and representatives from Marz NGOs involved in the PRSP process, and included representatives of governor offices, local self-governing bodies, civic groups, private sector actors and Marz offices of international organizations. At both levels, participants were asked not only to identify a list of existing problems and obstacles, but also to set priorities for addressing them. Although this proved challenging, it also resulted in some concrete conclusions that the working group was then able to incorporate into their work.

In addition to direct consultation, mass media and interviews, the working group also made extensive use of the internet and e-mail to disseminate the preliminary proposal, and to solicit feedback and additional proposals. The MCA-Armenia website was originally developed to provide comprehensive information on the developing proposal, to explain the governance bodies and their regulatory framework, and to hosts announcements regarding upcoming meetings. However, it ultimately served as a channel for two-way communications, hosting a discussion forum, creating a space in which to post the minutes of consultative meetings, and providing an easily submitted form to collect feedback and proposals. This site served as a mechanism through which civic organizations representing various demographics could channel new or additional input as the Compact took shape. Some 230 written proposals were received.

The working group also altered the nature of its consultations in keeping with the different stages of Compact development. As the technical details of specific components were being developed, the MCA working group held small group discussions on available mechanisms for ensuring the sustainability and continuity of program investments; environmental issues and environmental impact assessment; and monitoring and evaluation of program implementation. International organizations, international and local NGOs, representatives of the government and other interested parties with experience in relevant areas participated actively in the focus groups. Unlike the proposal development phase, when Armenia's priorities and investment focuses were being determined, these later discussions were much more focused and included more specific

stakeholders. Finally, during due-diligence, the Board of Trustees, a governmental body charged with the MCA proposal development, invited three representatives from civil society to participate in their regular meetings as observers. This helped to ensure that civil society had active participation and insights into the proposal diligence process.

To better institutionalize the participation of non-governmental stakeholders in Compact implementation, MCA-Armenia's Governing Council, an eleven member oversight body, includes five voting positions for representatives of civil society. Their commitment to take civic input seriously is further reflected in the fact that Governing Council quorum requires at least two civic representatives, and includes a "super majority" rule which requires at least one civil society member to vote in favor of an action in order for it to be adopted. These institutionalized measures will help to carry the civic participation into the implementation phase as well.

Carrying Forward the Lessons Learned

From its inception, MCC recognized that the first years of operation would require direct engagement on a number of critical issues. Among the greatest of these are the deep challenges associated with asking countries to use a meaningful consultative process to develop a proposal for coherent but transformative country development. In some countries, previous experiences with development plans or processes has deeply affected national understanding of what a consultation process is supposed to look like. In other countries, there is no precedent for broad public participation in debates about the nature of poverty or economic growth. Almost everywhere, there is understandable concern on the part of government officials that it will be difficult to manage public expectations once the broader public is engaged in a process to identify their needs.

Often this concern is reinforced by misperceptions about how a democratic government makes use of the input generated in consultations. Once information has been gathered from across society, it remains a government's responsibility to make informed decisions about how to prioritize development goals for MCA support. MCA-eligible countries submit final proposals after careful consideration of several factors: the public needs and concerns as expressed through the consultative process; existing domestic resources; ongoing national development strategies; and resources from other donors. In the course of MCC's due diligence review, country owned proposals are further subject to rigorous impact evaluations. Of the numerous potential projects identified in a consultative process, a Compact should include significant investment in only the most transformational national priorities. In countries where there is little precedent for public participation in policy discussion, many participants of the consultative process are disillusioned when their proposal is not included or does not receive funding. Early consultative processes can therefore be difficult when participants do not recognize that the government has a continuing obligation to set responsible priorities for national development policy.

To date, MCC has found that both governments and civil society are interested and willing to participate in a consultative process. In many cases, however, the challenge has been a lack of previous experience or mismatched capacity between government and civic actors. For meaningful, two-way interaction, a government must be able to create a framework in which

civil society and others can contribute, and then must internalize and respond to the input received. At the same time, civic actors must be able to effectively consolidate and communicate input from the full range of their constituencies if the two-way communication is to be fruitful. The early parts of a national consultative process have therefore, often been partly about testing the mechanics of consultation. MCC has, over the last two years, found new ways to facilitate this point of interaction and looks forward to working with the governing structures responsible for management and oversight of the Compact implementation in each Compact country to refine the mechanics of that interaction.

As anticipated, each country's Compact development experience was unique, and MCC has taken seriously the need to learn from those experiences and carry them into the future. In the past year, MCC has taken concrete steps to do so. In April 2005, MCC consolidated a response to recurring questions about the nature of a consultative process by creating official guidance for the design and execution of a meaningful, timely, and participative consultative process. This guidance was designed to reflect the lessons of the development community over the past several years and to offer the eligible countries' technical teams some clarity about what was expected and how their processes would be evaluated. Since then, we have seen a more concerted effort to integrate consultation into the Compact development process. MCC staff have worked to communicate this guidance to countries effectively and, where appropriate, have provided more specific assistance to country counterparts to strengthen the design of a participatory approach or to facilitate its implementation.

MCC is taking additional steps to operationalize this guidance and strengthen both MCC and our partner countries' capacity. In addition to expanding guidance to countries – now with the help of on-staff experts on participatory planning – MCC is developing additional materials and will host a training workshop to facilitate the exchange of ideas and experience among all of the MCA eligible countries. MCC staff visit MCA-eligible countries to orient them to MCC's guidelines on consultative process shortly after the country becomes eligible. As the Compact countries described above enter the implementation phase, MCC looks forward to working with them to further address civic participation in the implementation of activities, as well as in Compact monitoring and evaluation systems. To this end, we are pleased that civil society has, in most cases, been built into the governing structures of the entity charged with managing and overseeing the implementation of a Compact. We believe this step will help to facilitate greater transparency and ongoing consultation over the life of the Compact.

MCC has found new ways to work with Compact countries to refine the mechanics of their interaction, in close coordination with the U.S. Agency for International Development (USAID), other donors and a broad range of development practitioners. We look forward to carrying these lessons learned forward as we continue to engage with current and future country partners.